NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FØR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR ØRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE v.5

THIS LEASE AGREEMENT is made this

described land, hereinafter called leased premises:

Jackson andow

PAID UP OIL AND GAS LEASE

(No Surface Use)

W

, 2009, by and between

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day of FEDRUCIVY

ACRES OF LAND, MORE OR LESS, BEING LOT(S)	14	, вLоск
OUT OF THE MICH SON HOLLS T	ADDITION	, AN ADDITION TO THE CITY OF
Table 1170 All The Comments		
TOPT WORTH , TARBANT COUNTY	, TEXAS, ACCORDING TO TH	HAT CERTAIN PLAT RECORDED
IN VOLUME	THE PLAT RECORDS OF TAI	RRANT COUNTY, TEXAS.
reversion, prescription or otherwise), for the purpose of exploring for, developing, produ	icing and marketing oil and gas, along	
substances produced in association therewith (including geophysical/seismic operatio		
commercial gases, as well as hydrocarbon gases. In addition to the above-described le land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described.	ased premises, this lease also covers a secribed leased premises, and, in consi	deration of the aforementioned cash horus
Lessor agrees to execute at Lessee's request any additional or supplemental instruments	for a more complete or accurate descript	tion of the land so covered. For the purpose
of determining the amount of any shut-in royalties hereunder, the number of gross acres a		
		_
2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a	primary term of FIVE)years from the date hereof, and for
as long thereafter as oil or gas or other substances covered hereby are produced in payir	g quantities from the leased premises or	r from lands pooled therewith or this lease is
otherwise maintained in effect pursuant to the provisions hereof.	- ·	
3. Royalties on oil, gas and other substances produced and saved hereunder sha	I be paid by Lessee to Lessor as follows	s: (a) For oil and other liquid hydrocarbons
separated at Lessee's separator facilities, the royalty shall be <u>Turyly Five Yer</u> Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities,	provided that Lesson shall have the cor	ction, to be delivered at Lessee's option to
the wellhead market price then prevailing in the same field (or if there is no such price	then prevailing in the same field, then i	in the nearest field in which there is such a
prevailing price) for production of similar grade and gravity; (b) for gas (including of	asing head gas) and all other substar	nces covered hereby, the royalty shall be
<u>INKNHY-FIVE MERCENT</u> (15%) of the proceeds realized by Lessee	from the sale thereof, less a proportional	ate part of ad valorem taxes and production,
severance, or other excise taxes and the costs incurred by Lessee in delivering, processi	ng or otherwise marketing such gas or o	other substances, provided that Lessee shall
have the continuing right to purchase such production at the prevailing wellhead market p then prevailing in the same field, then in the nearest field in which there is such a preva-	nce paid for production of similar quality	In the same neid for it there is no such price
nearest preceding date as the date on which Lessee commences its purchases hereunde	r and (c) if at the end of the primary term	or any time thereafter one or more wells on
the leased premises or lands pooled therewith are capable of either producing oil or gas	or other substances covered hereby in p	aying quantities or such wells are waiting on
hydraulic fracture stimulation, but such well or wells are either shut-in or production there	from is not being sold by Lessee, such w	veil or wells shall nevertheless be deemed to
be producing in paying quantities for the purpose of maintaining this lease. If for a period	of 90 consecutive days such well or wel	ils are shut-in or production there from is not
being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then c depository designated below, on or before the end of said 90-day period and thereafter of	overed by this lease, such payment to be	of said 90-day period while the well or wells
are shut-in or production there from is not being sold by Lessee; provided that if this k	ase is otherwise being maintained by	operations, or if production is being sold by
Lessee from another well or wells on the leased premises or lands pooled therewith, no s	hut-in royalty shall be due until the end o	of the 90-day period next following cessation
of such operations or production. Lessee's failure to properly pay shut-in royalty shall ren-	der Lessee liable for the amount due, but	t shall not operate to terminate this lease.
4. All shut-in royalty payments under this lease shall be paid or tendered to Lesson	or to Lessor's credit in at lessor's add	dress above or its successors, which shall
be Lessor's depository agent for receiving payments regardless of changes in the owners draft and such payments or tenders to Lessor or to the depository by deposit in the US I	hip of said land. All payments or tenders	to the denository of to the Lessor at the last
address known to Lessee shall constitute proper payment. If the depository should liquic	ate or be succeeded by another instituti	on, or for any reason fail or refuse to accept
payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recorda	ple instrument naming another institution	as depository agent to receive payments.
Except as provided for in Paragraph 3, above, if Lessee drills a well which is inc	apable of producing in paying quantities	(hereinafter called "dry hole") on the leased
premises or lands pooled therewith, or if all production (whether or not in paying quan	itties) permanently ceases from any car	use, including a revision of unit boundaries
pursuant to the provisions of Paragraph 6 or the action of any governmental authorit nevertheless remain in force if Lessee commences operations for reworking an existing of the commences operations for reworking an existing of the commences operations.	/, then in the event this lease is not divell or for drilling an additional well or for	r otherwise obtaining or restoring production
on the leased premises or lands pooled therewith within 90 days after completion of oper	ations on such dry hole or within 90 days	s after such cessation of all production. If at
the end of the primary term, or at any time thereafter, this lease is not otherwise being	maintained in force but Lessee is then	engaged in drilling, reworking or any other
operations reasonably calculated to obtain or restore production therefrom, this lease sha	Il remain in force so long as any one or r	more of such operations are prosecuted with
no cessation of more than 90 consecutive days, and if any such operations result in the there is production in paying quantities from the leased premises or lands pooled therew	production of all or gas or other substa title. After completion of a well canable	ances covered nereby, as long therealler as
Lessee shall drill such additional wells on the leased premises or lands pooled therewith a	as a reasonably prudent operator would	drill under the same or similar circumstances
to (a) develop the leased premises as to formations then capable of producing in paying	g quantities on the leased premises or I	lands pooled therewith, or (b) to protect the
leased premises from uncompensated drainage by any well or wells located on other lan	ds not pooled therewith. There shall be	no covenant to drill exploratory wells or any
additional wells except as expressly provided herein. 6. Lessee shall have the right but not the obligation to pool all or any part of the l	assed premises or interest therein with	any other lands or interests, as to any or all
depths or zones, and as to any or all substances covered by this lease, either before of	or after the commencement of production	n, whenever Lessee deems it necessary or
proper to do so in order to prudently develop or operate the leased premises, whether or	not similar pooling authority exists with n	respect to such other lands or interests. The
unit formed by such pooling for an oil well which is not a horizontal completion shall not	exceed 80 acres plus a maximum acrea	ge tolerance of 10%, and for a gas well or a
horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 1 completion to conform to any well spacing or density pattern that may be prescribed or p	0%; provided that a larger unit may be to	omed for an oil well or gas well or nonzontal
of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed	ny applicable law or the appropriate gov	vernmental authority, or, if no definition is so
prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic fe	et per barrel and "gas well" means a wel	ell with an initial gas-oil ratio of 100,000 cubic
feet or more per barrel, based on 24-hour production test conducted under normal p	roducing conditions using standard lea	ise separator facilities or equivalent testing
equipment; and the term "horizontal completion" means an oil well in which the horiz	ontal component of the gross completion	on interval in facilities or equivalent testing
equipment; and the term "horizontal completion" means an oil well in which the horizon component thereof. In exercising its pooling rights hereunder, Lessee shall file of record	al component of the gloss completion to a written declaration describing the u	init and stating the effective date of pooling.
Production, drilling or reworking operations anywhere on a unit which includes all or a	ny part of the leased premises shall be	e treated as if it were production, drilling or
reworking operations on the leased premises, except that the production on which Lesso	r's royalty is calculated shall be that pro-	portion of the total unit production which the
net acreage covered by this lease and included in the unit bears to the total gross acre	eage in the unit, but only to the extent s	such proportion of unit production is sold by
Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights here	under, and Lessee shall have the recur	ning right but not the obligation to revise any
unit formed hereunder by expansion or contraction or both, either before or after commorescribed or permitted by the governmental authority having jurisdiction, or to conform	to any productive acreage determination	n made by such governmental authority. In
making such a revision, Lessee shall file of record a written declaration describing the re	vised unit and stating the effective date	of revision. To the extent any portion of the
leased premises is included in or excluded from the unit by virtue of such revision, the pr	oportion of unit production on which roys	alties are payable hereunder shall thereafter
be adjusted accordingly. In the absence of production in paying quantities from a unit, or	upon permanent cessation thereof, Less	see may terminate the unit by filing of record
 a written declaration describing the unit and stating the date of termination. Pooling here. 7. If Lessor owns less than the full mineral estate in all or any part of the leased presented in the state. 	nuer snar not consutute a cross-conveya emises, the royalties and shut-in royalties	ance of interests. s payable hereunder for any well on any part.
of the leased premises or lands pooled therewith shall be reduced to the proportion that I	essor's interest in such part of the lease	d premises bears to the full mineral estate in
such part of the leased premises	• • • • • • • • • • • • • • • • • • • •	

- B. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferree to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to
- pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

 9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.
- 10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, producer, producer, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.
- now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

 11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof.
- control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

 12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

 13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

 14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased prem

- 15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-n royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.
- Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other

17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

hich Lessee has or may negotiate with any other lessors/oil and gas owners.

LESSOR (WHETHER ONE OR MORE) Maggie Be Jackson By: ACKNOWLEDGMENT STATE OF TEXCIS NTY OF TOUTON +
his instrument was acknowledged before me on the COUNTY OF 2009. KISHA G. PACKER POLK Notary Public, State of <u>TEXC</u>/S Notary Public, State of Texas Notary's name (printed): My Commission Expires April 15, 2012 STATE OF COUNTY OF This instrument was acknowledged before me on the 2009. day of



DALE RESOURCES LLC 2100 ROSS AVE STE 1870 LB-9

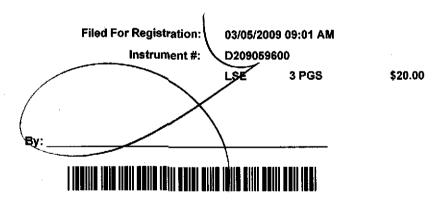
DALLAS

TX 75201

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

<u>DO NOT DESTROY</u> WARNING - THIS IS PART OF THE OFFICIAL RECORD.



D209059600

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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